

VAT in Oman: a practical guide

What Omani businesses need to know about registering, charging, filing and paying VAT, including the new Fawtara e-invoicing rollout.

Last reviewed: 1 October 2026

1. VAT in Oman at a glance

ITEM	RULE
Law	VAT Law issued by Royal Decree 121/2020, with Executive Regulations issued by the Tax Authority
Start date	16 April 2021
Standard rate	5%
Other rates	0% (zero-rated) and exempt supplies
Administered by	Oman Tax Authority (OTA), through the Tax Authority portal
Returns	Usually quarterly; return and payment due within 30 days after the end of each tax period

2. Do you need to register?

TYPE	WHEN IT APPLIES
Mandatory registration	Taxable supplies in Oman exceed OMR 38,500 in the past 12 months, or are expected to exceed it in the next 12 months
Voluntary registration	Taxable supplies or taxable expenses exceed OMR 19,250
Non-residents	Non-resident businesses making taxable supplies in Oman must register regardless of the threshold, unless the reverse charge applies to the customer

Count standard-rated and zero-rated supplies towards the threshold. Exempt supplies do not count. Registration is done online on the Tax Authority portal, and the OTA issues a VAT registration number (VATIN) and assigns your tax periods.

3. Rates: standard, zero-rated and exempt

Zero-rated (0%, input VAT recoverable)

- Exports of goods and services outside the GCC
- International transport of passengers and goods
- Basic food items whose HS code is in the official annex
- Listed medicines, medical supplies and veterinary products (with the ministry permit)
- Investment gold, silver and platinum
- Crude oil, oil derivatives and natural gas

Exempt (no VAT, input VAT not recoverable)

- Financial services (margin-based)
- Healthcare and related goods and services
- Education and related goods and services
- Undeveloped (bare) land
- Resale of residential property
- Local passenger transport
- Rent of residential property

New from 1 October 2026. Tax Authority Decisions 223, 224 and 225/2026 replaced the 2021 lists. The 0% rate now covers 807 food tariff lines, 677 medicine and medical supply lines (with a Ministry of Health permit) and 62 veterinary lines (with a Ministry of Agriculture, Fisheries and Water Resources permit). Restaurant, hotel and catering meals remain at 5%. See our separate zero-rated VAT guide for details.

Check the detail. Each category has conditions set out in the Executive Regulations. If you make both taxable and exempt supplies, you can only recover input VAT on costs linked to taxable supplies, and shared costs must be apportioned.

4. Tax invoices

A registered business must issue a tax invoice for taxable supplies. A full tax invoice should show:

- The words "Tax Invoice" and a sequential invoice number
- Date of issue and date of supply (if different)
- Supplier name, address and VATIN; customer name, address and VATIN (where registered)
- Description, quantity and price of goods or services
- Taxable amount, VAT rate and VAT amount, shown in Omani rials

Keep invoices, credit notes, import documents and contracts. Records must be kept for at least 10 years.

5. Returns, payment and deadlines

TAX PERIOD (CALENDAR QUARTERS)	RETURN AND PAYMENT DUE
January – March	30 April
April – June	30 July
July – September	30 October
October – December	30 January

Your tax periods are set by the OTA and are shown on your registration certificate, so they may not follow calendar quarters. File and pay through the Tax Authority portal. Where input VAT exceeds output VAT, the excess

can be carried forward or claimed as a refund, subject to OTA review.

6. E-invoicing (Fawtara)

Oman is introducing mandatory electronic invoicing through the **Fawtara** system, in phases:

PHASE	WHO	FROM
1	First group of around 100 large VAT-registered companies	August 2026
2	All large VAT-registered businesses	February 2027
3	All other VAT-registered businesses, including SMEs	August 2027
4	Government entities	To be announced

Start preparing now: check whether your accounting or ERP system can issue structured e-invoices, clean up customer master data (names, addresses, VATINs), and confirm which phase applies to you.

7. Penalties to avoid

- Late registration, late filing and late payment all attract administrative fines under the VAT Law
- Late payment also attracts an additional charge of 1% of the unpaid tax for each month of delay
- Errors in returns must be corrected; significant errors may need a voluntary disclosure

8. Common mistakes we see

- Claiming input VAT on invoices that are not valid tax invoices, or that are in a previous owner's name
- Not applying the reverse charge on services bought from overseas suppliers
- Treating exports as zero-rated without keeping proof of export
- Recovering input VAT on blocked items such as entertainment or personal use
- Not reconciling VAT returns to the general ledger each quarter

This guide is a general summary for information only and is not tax advice. VAT rules have conditions and exceptions that depend on your circumstances. Confirm the current position with the Oman Tax Authority or speak to us before acting.

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